

Bureau of Workers' & Unemployment Compensation

MICHIGAN WORKERS' COMPENSATION

2002 *ANNUAL* *REPORT*



Department of Consumer & Industry Services

"Serving Michigan...Serving You"

Jennifer M. Granholm, Governor
State of Michigan

David C. Hollister, Director
Department of Consumer & Industry Services

David A. Plawecki, Director
Bureau of Workers' & Unemployment Compensation

Table of Contents

Overview of the Michigan Workers' Compensation Program	1
2002 Highlights	2
What to Look for in 2003	2
Organizational Chart	3
How to Contact Us	4
Office Locations	4
Program Descriptions	
Administration	5
Claims Processing	6
Mediation Division	8
Compliance and Employer Records	9
Self-Insured Programs	10
Health Care Services	11
Funds Administration	12
Board of Magistrates	13
Workers' Compensation Appellate Commission	14
Statistics and Charts	
State Average Weekly Wage and Maximum Benefit Amounts	17
Claim/Case Trends	18
Indemnity Payments	18
Payout in Workers' Compensation Benefits and Medical Care	19
Magistrate Aged Case Distribution Chart	19
Contested Case Disposition Graph / Chart	20
Workers' Compensation Trends	21
Average Redemption Amounts	21
Mediation Graph / Chart	22
Vocational Rehabilitation Programs Closed by Return to Work	23

Forms 400 & 401 Received	24
Exclusion Forms Processed	24
Number of Approved Self-Insured Groups	25
Number of Approved Individual Self-Insured Employers	25
Health Care Costs - Number of Cases	26
Health Care Costs - Amount Paid.....	26
Workers' Compensation Annual Health Care Costs	27
Funds Administration 2002 Assessments.....	28
Benefits Paid by Second Injury Fund	28
Benefits Reimbursed to Carriers by the Silicosis, Dust Disease, and Logging Industry Compensation Fund.....	29
Benefits Paid to Workers by Self-Insurers' Security Fund	29
Appellate Commission Claims Filed by Employees/Employers	30
Appellate Commission Claim Activity	31
Publications	32

Overview

Before 1912, a worker who was injured in the course of his or her employment could sue his or her employer in a civil or “tort” action, which was the same remedy available to a person injured under other circumstances. The tort remedy, however, had certain problems. It required the worker to prove that the injury occurred because the employer was negligent and the employer had three important defenses: (1) that the worker was also negligent, (2) that the worker knew of the dangers involved and “assumed the risk,” or (3) that the injury occurred because of the negligence of a “fellow employee.” Under this system it was very difficult for workers to recover against their employers. If they did win, however, they could receive virtually whatever damages a jury wanted to give them.

In 1912 Michigan, along with most other states, adopted a Workmen’s Compensation Act. The new remedy was essentially a “no-fault” system under which a worker no longer had to prove negligence on the part of the employer, and the employer’s three defenses were eliminated. The intent of the new law was to require an employer to compensate a worker for any injury suffered on the job, regardless of the existence of any fault or whose it might be.

In return for this almost automatic liability, the Act limited the amount that a worker could recover. Workers are now entitled only to (1) certain wage loss benefits, (2) the cost of medical treatment, and (3) certain rehabilitation services. Recovery under workers’ compensation is limited to these three areas, no matter how serious the injury.

Nearly all employers in Michigan are covered by workers’ compensation. This includes both public and private employers. In fact, when talking about workers’ compensation, it is easier to discuss the exceptions. There are a few classes of workers who are covered by federal laws and are not covered by the Workers’ Disability Compensation Act of Michigan. Employees of the federal government (such as postal workers, employees at a veterans administration hospital, or members of the armed forces) are covered by federal laws. People who work on interstate railroads are covered by the Federal Employers Liability Act. Seamen on navigable waters are covered by the Merchant Marine Act of 1920, and people loading and unloading vessels are covered by the Longshoremen’s and Harbor Workers’ Compensation Act. Virtually all other workers and employers are subject to Michigan’s law.

Certain very small employers are exempt. If a private employer has three or more employees at any one time, or employs one or more workers for 35 or more hours per week for 13 or more weeks, the employer is subject to the Workers’ Disability Compensation Act (Section 115).

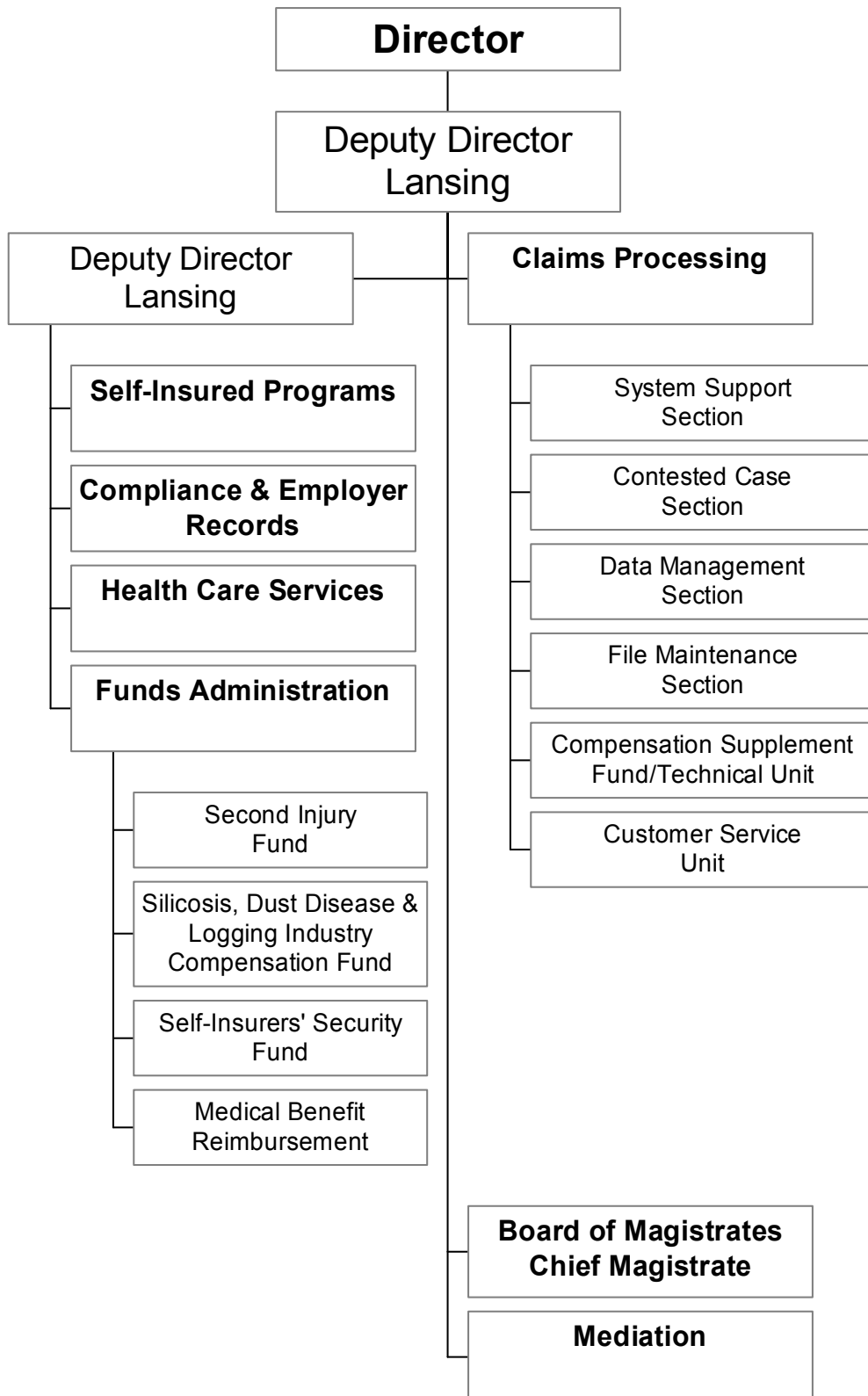
2002 Highlights

- , New hearing site locations for the bureau's Flint and Detroit offices.
- , E-mail list was developed to allow bureau to automatically notify users of various updates as they occur.
- , Legislation passed to provide for the development of electronic data interchange (EDI) that will allow insurance carriers to transmit insurance coverage information to the bureau electronically.
- , Based on legislation that passed, Funds Administration assessments will be made based on "paid losses" for self-insurers and "premiums written" for insurers.
- , Executive order reorganized the bureau and combined the Bureau of Workers' Disability Compensation, Unemployment Agency, and Wage & Hour Division of MIOSHA.
- , Early retirement – 25 employees were lost to retirement with only 1 out of 5 replaced.

What to look for in 2003

- , Co-STARS (**C**ompensation **S**upplement **T**racking **A**nd **R**eimbursement **S**ystem) – A web based system allowing Applications for Reimbursement from CSF (Form 114) to be accepted on-line. The system will verify eligibility for payment and/or tax credit, produce all reports electronically as well as in hard copy format, and considerably reduce the amount of time to process applications for reimbursement.
- , New hearing site location for the bureau's Mount Clemens office.
- , Reorganization of the Bureau of Workers' & Unemployment Compensation.
- , Telephone facilitation to be implemented in order to resolve 104B applications filed by health care providers prior to mediation conference or trial.

Organizational Chart



How to Contact Us

The bureau is located at:

Michigan Dept. of Consumer & Industry Services
Bureau of Workers' & Unemployment Compensation
7150 Harris Drive
P.O. Box 30016
Lansing, Michigan 48909

Website address: www.michigan.gov/bwuc

Office Locations

LOCATION	ADDRESS	Telephone #
Ann Arbor	2117 W. Stadium, 48103	(734) 665-9616
Detroit	Cadillac Place, Ste. 3-700 3026 West Grand Blvd P.O. Box 02989, 48226	(313) 456-3650
Escanaba	State Office Building 305 Ludington, 49829	(906) 786-2081
Flint	Bristol West Center, Ste. 110 G-1388 W. Bristol Rd., 48507	(810) 760-2618
Grand Rapids	2942 Fuller Street NE, 49505	(616) 447-2680
Kalamazoo	940 N. 10 th Street, 49009	(269) 544-4440
Lansing	2501 Woodlake Circle, Okemos P.O. Box 30016, 48909	(517) 241-9380
Mt. Clemens	10 th Floor, Old County Building 10 N. Main, 48043	(586) 463-6577
Mt. Clemens (after 5/16/03)	Clemens Center 32 Market Street, 48043	(586) 463-6577
Pontiac	28 N. Saginaw, NBD Building Suite 1310, 48342	(248) 334-2497
Saginaw	State Office Building 411-K E. Genesee, 48607	(989) 758-1768
Traverse City	Grand View Plaza, 3 rd Floor 10850 Traverse City Hwy., 49684	(231) 922-5430 (906) 786-2081 (Escanaba)

Administration

The mission of the Bureau of Workers' Disability Compensation is to administer the Workers' Disability Compensation Act of 1969, as amended, in order to facilitate timely benefit payments to injured employees at a reasonable cost to employers. To this end we dedicate ourselves to carry out this responsibility and to serve the public promptly, courteously, and impartially.

Goals:

- , Ensure that employees that have suffered a work-related injury are provided correct wage loss replacement, medical and vocational rehabilitation services during periods of incapacity, and that these benefits are paid timely and accurately.
- , Provide leadership to carry out a legislative agenda for more efficient regulation and delivery of workers' compensation benefits.
- , Provide an informal and formal dispute resolution process for employers, insurance carriers, and injured employees.
- , Monitor medical providers' compliance with health care rules to ensure that costs of providing health care services remain reasonable.
- , Monitor the financial position of all individual and group self-insureds to ensure their ability to meet future payment of benefits on a timely basis.
- , Maintain a historical record system for the more than 200,000 employers subject to the Workers' Disability Compensation Act.
- , Monitor and enforce employers' compliance with the requirements for insurance coverage.

There are several ongoing projects that not only cross divisions to affect the entire bureau but will positively impact the bureau's ability to provide information in a timely manner. Michigan is planning to implement Electronic Data Interchange (EDI) in the claims and insurance record areas. This process will allow carriers, self-insureds and third party administrators (TPAs) to file their forms electronically.

The Bureau of Workers' & Unemployment Compensation has a website which contains a variety of information about the bureau, the Board of Magistrates and the Workers' Compensation Appellate Commission. The address is www.michigan.gov/bwuc.

Claims Processing

The Claims Processing Division maintains a current and historical claims/case records system. Its objective is to ensure that employees that have suffered work related injuries are provided correct wage loss replacement and that both voluntary claims and litigated cases are processed in a timely manner.

This division performs a wide variety of functions relating to workers' compensation claims. The program is broken down into six major sections:

- , *Compensation Supplement Fund.* The Compensation Supplement Fund was established to provide a cost-of-living adjustment to workers who were injured between 9/1/65 and 12/31/79. The staff reviews and processes all applications for reimbursement, which are submitted by carriers on a quarterly basis. In 2002, the Compensation Supplement Fund reimbursed 3,927 claims, including \$997,159.40 in payments and \$7,567,355.45 in Single Business Tax Credits. The section is also responsible for collecting and auditing all redemption fees. In 2002, \$2,294,200.00 in Redemption Fees was collected and processed.
- , *Contested Case/Customer Support.* The Contested Case staff screens and data enters all applications for mediation or hearing, creates paper case files, schedules and mails out notices for the initial mediation hearing or pretrial, handles all mail related to litigated cases, and data enters and mails orders, voluntary pay agreements and memoranda issued by magistrates and mediators. The Customer Support staff is responsible for answering the bureau's toll-free telephone number and also responding to general correspondence and other inquiries.
- , *Data Management.* The Data Management section is responsible for reviewing, evaluating and data entering all claims forms required by the statute. The staff also manually audits all opinions, orders and voluntary pay agreements as well as certain forms that cannot be audited by the system. In addition, this section is responsible for microfilming all bureau mail.
- , *File Maintenance.* The File Maintenance staff prepares all bureau mail for microfilming (which includes automatic date stamping). The preparation includes opening, sorting, screening, and matching bureau forms and correspondence. In 2002, the section processed 354,932 forms and correspondence relating to claim/case records and 304,880 forms and correspondence relating to insurance records. This section is also responsible for housing and maintaining workers' compensation cases that are in open payment status. In addition, the staff prepares closed files for Records Center and recalls them when necessary. In 2002, 25,468 claims/cases were retired.

- , *Systems Support.* The Systems Support staff is responsible for overseeing the bureau's automated system, including scheduling of all mainframe jobs, creating and running all ad hoc reports, identifying and working with the programmers to fix all system problems, and designing and developing new applications.
- , *Vocational Rehabilitation.* This section is responsible for ensuring that employers provide rehabilitation services according to the provisions of the Act and that the injured employees accept such services. The staff provides information and assistance to all parties, approves rehabilitation facilities, monitors ongoing rehabilitation programs, and conducts periodic training seminars.

Mediation

Mediation came into being as a result of Public Act 103 of 1985, which required the mediation of certain cases filed in the contested claims process. The purpose of mediation is to resolve cases between employers and employees in an informal setting. Intervention of a mediator in a claim before it becomes a formal dispute could resolve claims short of costly litigation. These individuals are available to answer questions and try to assist workers, employers, insurance carriers, and health care providers in resolving problems without the necessity of going through the formal litigation process. At the end of 2002, the number of mediators was reduced from eleven to four.

Conferences held by mediators:

- , *Statutory Mediation.* Section 223 of the statute provides for mediation in specific cases being disputed. They are: all applications for hearing filed by an injured employee without an attorney, all medical only disputes, all closed periods of disability being alleged and any other disputes that the bureau believes would be assisted by mediation. In 2002 the bureau mediators resolved 2,409 claims (34%) and transferred 4,713 claims to the assigned magistrate for a formal hearing (66%).
- , *Vocational Rehabilitation Director Hearings.* Disputes concerning vocational rehabilitation are referred first to mediators as the director's representative. The goal of the mediator in a vocational rehabilitation hearing is to attempt to facilitate a voluntary agreement between the parties as to the most appropriate course of vocational rehabilitation for the injured worker. In 2002, 343 applications for hearing on vocational rehabilitation issues were set before the mediators. Mediators wrote orders or memorandums on 64 vocational rehabilitation cases and resolved 101 to magistrates for redemption.
- , *Health Care Mediation.* A medical care provider may file an Application for Mediation or Hearing – Form B if they have provided medical care and treatment to an injured worker and have not received payment. In 2002, 5,955 claims including health care payment issues were scheduled before the mediators with 99% being resolved, most of them without the need for an actual hearing.

Compliance and Employer Records

The Compliance and Employer Records Division works to ensure that all employers subject to the Michigan Workers' Disability Compensation Act have complied with the requirements by securing workers' compensation coverage either through a policy of insurance or through approved self-insured authority.

The division maintains the current and historical record system for over 200,000 employers. This includes coverage records on self-insurers, employers with insurance, and employers who have excluded themselves from the Act. In addition, this division has the responsibility to enforce employers' compliance with insurance requirements of the statute.

The major objectives of this program are:

- , To keep an accurate insurance coverage record;
- , To identify the responsible insurance carriers for employers listed on applications for mediation or hearing;
- , To communicate with those employers who fail to maintain insurance coverage, using the civil process to enforce such compliance if the employer fails to comply even after being advised of the requirements of the statute by division staff.

Since 1983, workers' compensation insurance premiums in Michigan have been set in the marketplace. This means that different insurance companies charge different premiums. Research done by the Insurance Commissioner suggests that employers should "shop around" for the best deal on insurance. All workers' compensation insurance policies provide the same coverage. However, some cost more than others and some companies provide more services than others. Employers should shop for the best price and the most service from their workers' compensation insurance company.

In addition, the bureau has been penalizing employers when they allow their workers' compensation coverage to lapse. During 2002, the bureau collected \$242,830 in fines as a result of these lapses in coverage.

Self-Insured Programs

The Workers' Disability Compensation Act permits employers to request authority to self-insure and assume responsibility for direct payment of benefits to injured workers. The Act also permits providers of claims adjusting, underwriting and loss control services to apply and be approved by the bureau to provide these services to approved self-insurers.

Two types of self-insured authority are permitted in the Act. Individual employers may be approved as self-insured or, two or more employers in the same industry can apply for group self-insured authority. Statutory requirements, administrative rules and bureau policy require annual renewal applications and various monitoring and approval tasks throughout the year.

The Self-Insured Programs Division conducts initial regulatory reviews on employer-generated self-insured applications and in the formation of group self-insured programs; provides guidance through the approval, formation, and review process; and issues decisions that detail the required security and exposure limiting devices based on statutory authority and the bureau's established policy. Initial and annual regulatory reviews are also conducted on service company applications. The staff works to resolve all issues and disputes generated by self-insured employers by telephone or informal meetings and as a last resort through the formal hearing process. The division also provides information to the public relevant to self-insured concepts and notifies self-insured employers and other interested parties of changes in statute, administrative rules, and departmental policy.

This division is also the final approval authority in surplus dividend and accumulated assets returned to the group membership. This process requires the review and assessment of financial statements, actuarial reports and independent claims and audit reports. Surplus return authorizations range between \$35,000,000 and \$90,000,000 annually.

Health Care Services

The Health Care Services Division performs a wide variety of functions mandated in section 418.315 of the Workers' Disability Compensation Act of 1969, as amended. These functions include; (1) Rule Development, Review and Revision, (2) Evaluation, and (3) Information and Education. A brief summary that delineates the responsibilities of each category is below:

- , *Rule Development, Review and Revision.* The Act and the Workers' Compensation Health Care Services Rules identify policies for coverage and reimbursement to health care providers. Health care trends and policies are researched and developed by staff and Health Care Services (HCS) Advisory Committee members in accordance with nationally recognized standards of practice and reimbursement methodologies. Practitioner reimbursement is based upon resource based relative value units (RBRVS). For the year 2002 the rules adopted the 1999 relative value units, using a conversion factor of \$47.01 to determine the maximum allowable payments for medicine, surgery and radiology fees. A public hearing was held in December regarding proposed changes to the Health Care Services Rules to update practitioner reimbursement by use of the 2002 relative value units while maintaining the \$47.01 conversion factor. The effective date will be March 4, 2003.
- , *Evaluation.* The evaluation process consists of compiling carrier data and analyzing charges, payments, health care procedures and medical diagnosis. The results of the data analysis are used to decide reimbursement levels, utilization parameters, and level of care diagnosis. Provider and carrier compliance is also monitored through the case samples and other reports provided by carriers. A carrier's professional review process is certified by staff to assure that appropriate medical review criteria are utilized according to Rule requirements. Carriers must also attest that professional review staff are licensed and certified as required by Workers' Compensation Health Care Services Rules.
- , *Information and Education.* Staff responds to numerous telephone and written inquiries for information and clarification of the rules, assists in resolving differences between a carrier and a provider, meets with provider, carrier and employee organizations, professional review companies, attorneys, mediators, magistrates and legislators. Staff also provides educational seminars for providers, carriers and professional review agencies regarding the application of the rules, billing procedures, carrier and provider responsibilities and rights outlined in the rules. Staff also participates on panels and programs on workers' compensation health care.

Funds Administration

The Funds Administration Division, consisting of the Second Injury Fund; Silicosis, Dust Disease and Logging Industry Compensation Fund; and the Self-Insurers' Security Fund, is managed by a board of three trustees. Two trustees are appointed by the Governor with the advice and consent of the Senate. One represents employers authorized to act as self-insurers in Michigan and the second represents the insurance industry. The third trustee is the director of the Bureau of Workers' & Unemployment Compensation.

Responsibilities of the Funds Administration are defined within the Workers' Disability Compensation Act. The applicable sections of the Act are 351, 356(1), 361(3), 372, and 862. The applicable chapters of the Act are 5 and 9.

The Funds Administration is funded 100% by insurers who write workers' compensation policies in the State of Michigan, and employers who self-insure their workers' compensation liability. These assessments cover all benefits paid by the Funds Administration, and all administrative costs. The assessment process was modified effective January 1, 2002, with the enactment of Public Act 718.

The yearly assessments from self-insured employers, continues to be based on paid losses for the previous calendar year. With the changes brought about by Public Act 718, insurers now pay their percentage of the total assessments based on premiums collected in the previous year as reported by the Compensation Advisory Organization of Michigan. Although the assessment process has changed, the amount of monies collected remains the same.

The Funds Administration handled approximately 4,158 cases during 2002. At the close of the calendar year, the Funds Administration had 3,121 open files. The total payments for the Funds Administration during 2002 were \$32,266,920. Benefit payments were \$27,666,201, and administrative costs including the costs of litigation equaled \$4,600,719. Complete fiscal and calendar year accounting may be obtained from the Funds Administration office. Detailed information regarding the Funds Administration Division can be found in the Funds Administration Overview located on the Bureau of Workers' & Unemployment Compensation's web site at www.michigan.gov/bwuc.

The Medical Benefit Reimbursement Provision [MCL 418.862(2)] is also administered by the Funds Administration. The funds for this provision, however, come through the State of Michigan General Fund.

Board of Magistrates

The Workers' Compensation Board of Magistrates is authorized by Section 213 of Public Act 103 of 1985. The Board of Magistrates consists of thirty members that are appointed by the Governor and confirmed by the Senate, and is responsible for hearing contested cases filed after March 31, 1986. Each magistrate must be a licensed attorney in this state, and either pass an exam or have five years of experience in workers' compensation. A magistrate cannot be reappointed after serving a total of 12 years.

Magistrates decide cases at the trial level of the contested process of the workers' compensation system. All resolutions require a formal written order or opinion with findings of fact and conclusions of law. Parties to a decision may stipulate to modify or correct a decision within 30 days. Additionally, the board is responsible for hearing any dispute meeting the requirements for the Small Claims Division established under Section 841 of Public Act 103 of 1985.

Crary "Rick" Grattan serves as chairperson of the board. He serves as Chair at the pleasure of the Governor. In 2002 Governor Engler appointed Magistrate Val Jarvis to a one-year term expiring in 2003. Magistrates Block, Kielton, and Quist were reappointed before the expiration of their terms to two years resulting from vacancies resulting from the early retirement of Magistrate Oldstrom, the appointment of Magistrate Leslie to the Workers' Compensation Appellate Commission, and the resignation of Magistrate Malewska to take a position as an administrative law judge.

The Mt. Clemens hearing site, currently located on the 10th floor of the Old County Building, is scheduled to move to new, more accessible facilities in downtown Mt. Clemens in May, 2003. The Flint hearing site on W. Bristol Road has moved into new, larger facilities adjacent to the old hearing site.

The pending magistrate caseload remained relatively stable throughout most of 2002 despite a slumping economy and the loss of three (3) magistrates during a portion of the year. The magistrate caseload spiked in October and November as a result of cases being transferred from the mediators due to a reduction in mediator staff. Thus, magistrate caseloads for 2002 increased by approximately 1,200 cases, but the overall pending contested caseload remained at approximately 20,000 claims.

The Board's continuing mission to provide prompt, fair resolution of contested workers' compensation claims filed with the agency and to render written opinions within 45 days from the closing of the record remains unchanged.

Appellate Commission

The Worker's Compensation Appellate Commission (Commission) is a body of seven attorneys, seated by the Governor to serve 4-year terms (3-term limit). Richard B. Leslie was appointed to serve as chairperson in October 2002, after the seat was vacated when the previous chairperson accepted other employment. The Act provides general policies for administration, gives the chairperson appointing and work assignment authority, grants rule-making authority to the Commission as a body, sets out the scope of review, and provides procedures for employers, insurance carriers, attorneys and employees seeking review. The primary legal basis for the Commission is found in Act No. 317 of the Public Acts of 1969, as amended, also known as the Worker's Disability Compensation Act of 1969 (M.C.L. 418.101 *et seq.*; specifically §418.274 and §418.861). The currently-seated commissioners are: James J. Kent, Marie E. Martell, Gregory A. Przybylo, Winston A. Wheaton, Joy L. Witte, and James Edward Wyszynski, Jr.

By providing expeditious, impartial and judicial review of contested claims for workers' compensation benefits, the Commission serves to minimize undue monetary suffering of employees and reduce costs to employers in the state of Michigan. Created as an independent body (Public Act 103 of 1985, as amended), the Commission has the power and authority to review decisions written and issued by the Bureau of Workers' Disability Compensation and the Board of Magistrates regarding the award of benefits for work-related disabilities. The Commission also acts as a buffer to prevent an influx of claims at the state Court of Appeals.

When decisions issued by the Bureau of Worker's Disability Compensation and Board of Magistrates are disputed and appealed, the Commission's caseload is created. By law, commissioners are required to review the relevant record of a case, and are expected to publish scholarly and concise opinions that reflect relevant statutory case law. To realize this, the Commission strives to promptly review cases and write dispute-resolving opinions that comply with the requirements set forth in M.C.L. 418.861(a). Decisions on legal points provide guidance to the Bureau, magistrates, attorneys, employers, insurance carriers and employees, regarding benefit entitlement and hearing procedures.

For administrative efficiency, the Commission utilizes administrative support staff that assist commissioners by facilitating prompt resolution of claims between parties, ensuring excellence in the final published product, and by providing top-quality customer service.

The Commission's caseload has evolved into a manageable docket of just over 300 cases. Additionally, the commission:

- C Opinions are published on-line at: <http://www.michigan.gov/cis>.

- C Reduced the average “shelf life” of case files (the time span between when a case is ready for review and when it is actually reviewed) to a 3-to-4 month span.
- C Enhanced its website to accept electronic filings, such as,- transcript extensions, brief extensions and motions.
- C Secured an effective search engine for opinions posted on the Commission’s web site.

During 2002, the Commission received 560 new claims, a slight increase over the 482 received in 2001. Including reconsiderations and remands from higher courts, the total incoming caseload was 613 for the year. Claim resolution indicates the Commission published 340 (286 dispositive and 54 non-dispositive) opinions. Dispositive action was also taken on 145 claims (51 redemptions, 39 administrative letters, 145 orders, 8 consolidations), for a total output of 530 claims.

The caseload is tracked to document the number of completed (*perfected*) claims (ready to be reviewed with all required transcripts and briefs filed), in order to determine the current case backlog and gather data on incomplete (*unperfected*) claims (missing some component required by statute). The sum of these two components, 432, shows the Commission’s total year-end caseload. At 139, perfected claims remain at approximately one-third the entire caseload.

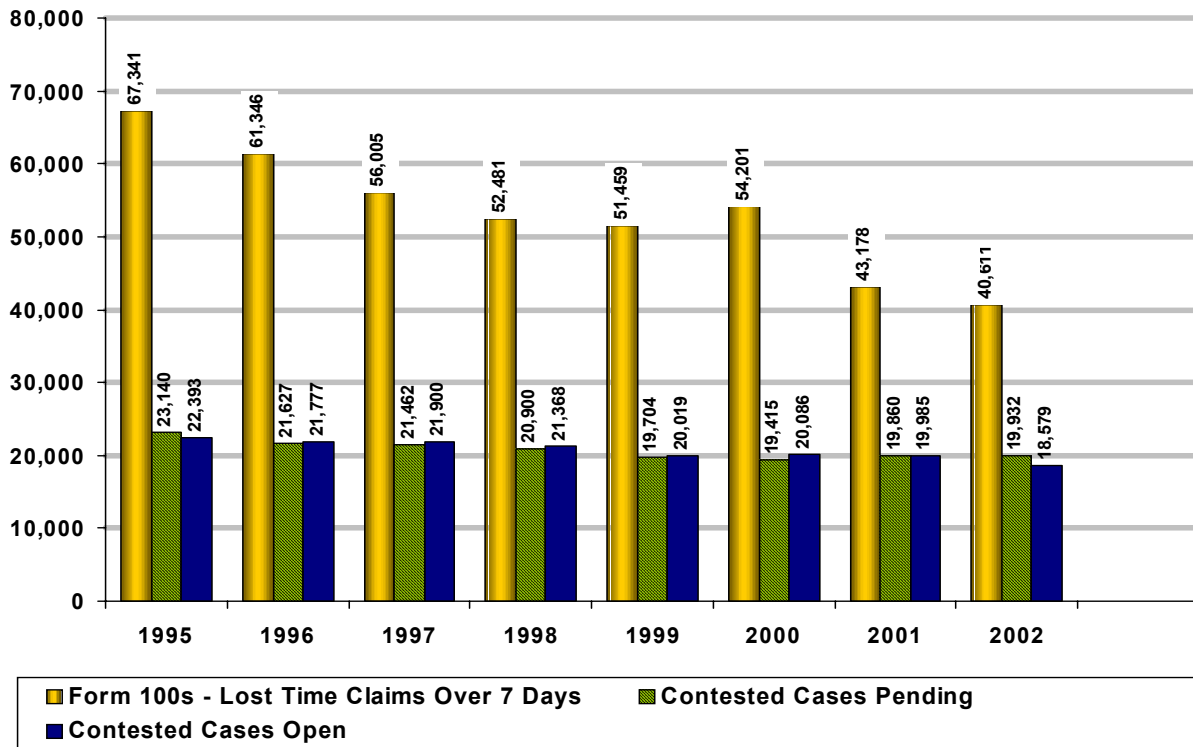
Statistics & Charts

State Average Weekly Wage & Maximum Benefit Amounts
(1982-Present)

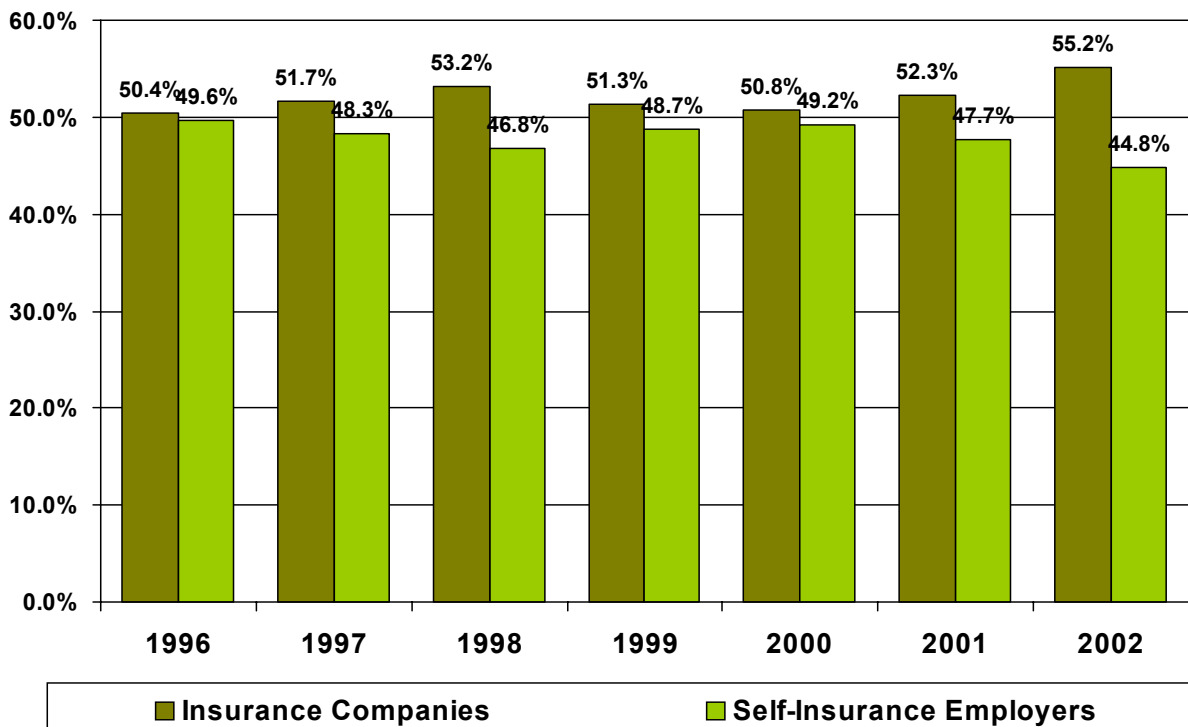
Year	SAWW	90% of SAWW (Maximum)	2/3 of SAWW*	50% of SAWW (Minimum Benefit for Death Cases)	25% of SAWW (Minimum Benefit for Specific Loss and T&P)
2003	\$724.96	\$653.00	\$483.31	\$362.48	\$181.24
2002	\$715.11	\$644.00	\$476.74	\$357.56	\$178.78
2001	\$714.46	\$644.00	\$476.31	\$357.23	\$178.62
2000	\$678.23	\$611.00	\$452.15	\$339.12	\$169.56
1999	\$644.06	\$580.00	\$429.37	\$322.03	\$161.02
1998	\$614.10	\$553.00	\$409.40	\$307.05	\$153.53
1997	\$591.18	\$533.00	\$394.12	\$295.59	\$147.80
1996	\$581.39	\$524.00	\$387.59	\$290.70	\$145.35
1995	\$554.22	\$499.00	\$369.48	\$277.11	\$138.56
1994	\$527.29	\$475.00	\$351.53	\$263.65	\$131.82
1993	\$506.80	\$457.00	\$337.87	\$253.40	\$126.70
1992	\$489.01	\$441.00	\$326.01	\$244.51	\$122.25
1991	\$477.40	\$430.00	\$318.27	\$238.70	\$119.35
1990	\$474.22	\$427.00	\$316.15	\$237.11	\$118.56
1989	\$454.15	\$409.00	\$302.77	\$227.08	\$113.54
1988	\$440.77	\$397.00	\$293.85	\$220.39	\$110.19
1987	\$433.91	\$391.00	\$289.27	\$216.96	\$108.48
1986	\$414.70	\$374.00	\$276.47	\$207.35	\$103.68
1985	\$397.48	\$358.00	\$264.99	\$198.74	\$99.37
1984	\$370.65	\$334.00	\$247.10	\$185.33	\$92.66
1983	\$358.89	\$324.00	\$239.26	\$179.45	\$89.72
1982	\$340.45	\$307.00	\$226.97	\$170.23	\$85.11

- Discontinued fringe benefits may not be used to raise the weekly benefits above this amount. Attorney fees may not be based on a benefit rate higher than this amount.

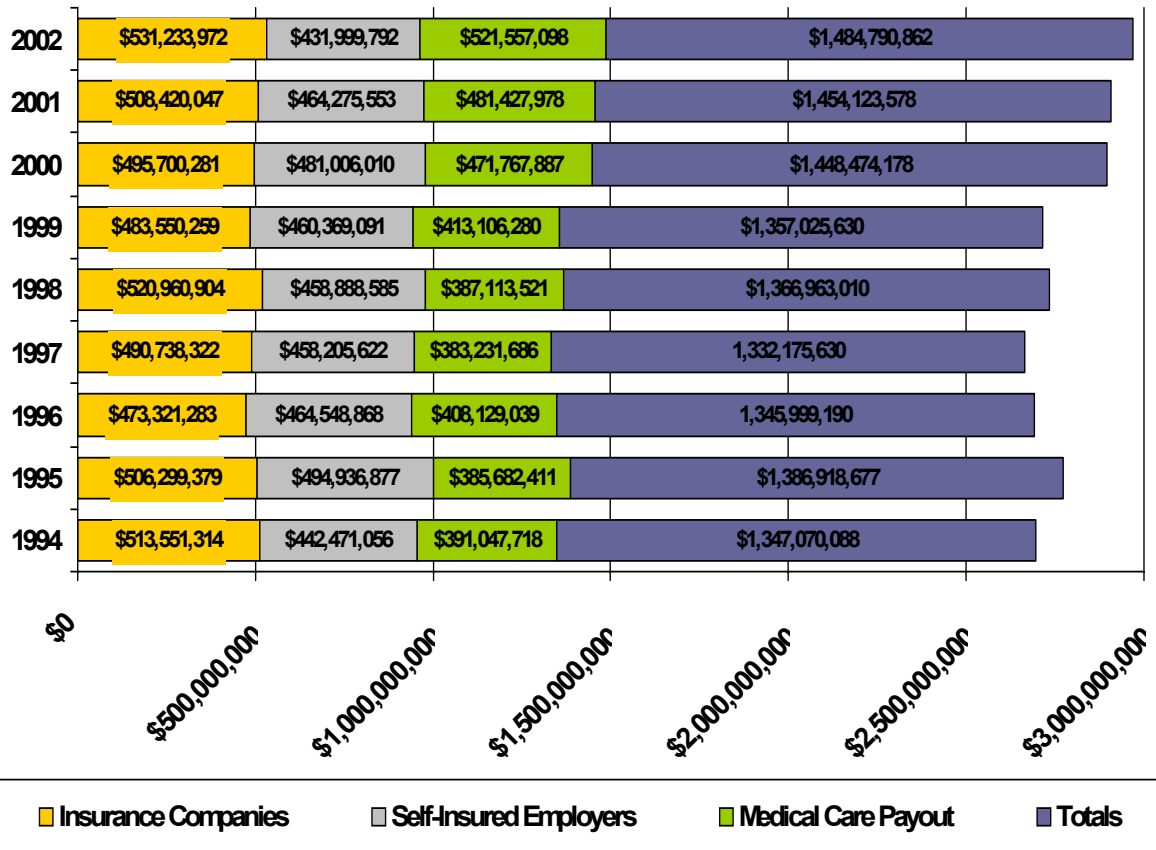
Claim/Case Trends



Indemnity Payments



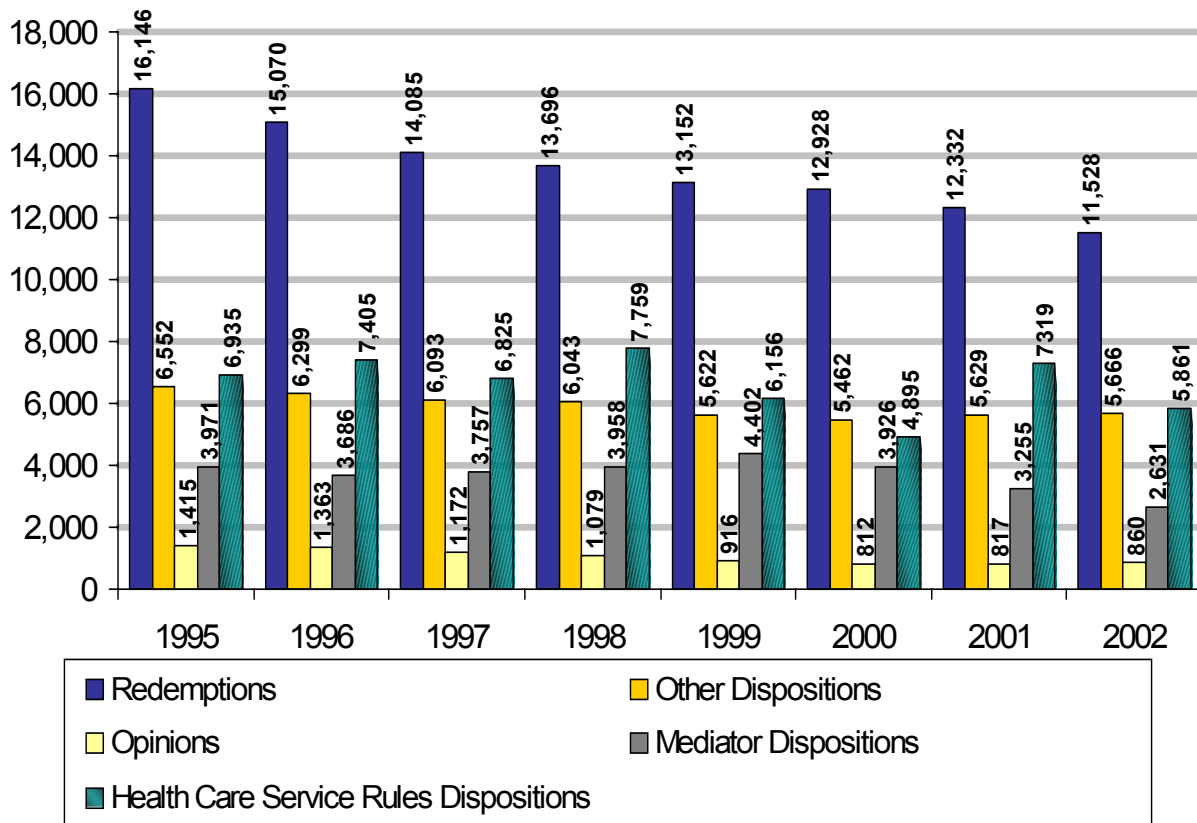
Payout in Workers' Compensation Benefits and Medical Care



Magistrate Aged Case Distribution Chart

	1995	1996	1997	1998	1999	2000	2001	2002
0 – 12 Months	14,018	13,152	12,785	12,502	11,831	12,698	12,999	13,533
13 – 18 Months	2,728	2,677	2,619	2,622	2,406	2,466	2,745	3,190
19 – 24 Months	1,299	1,155	1,104	958	947	761	823	997
Over 24 Months	1,283	778	650	484	408	285	160	222
Total Docket Load	19,328	17,762	17,158	16,566	15,592	16,210	16,727	17,942

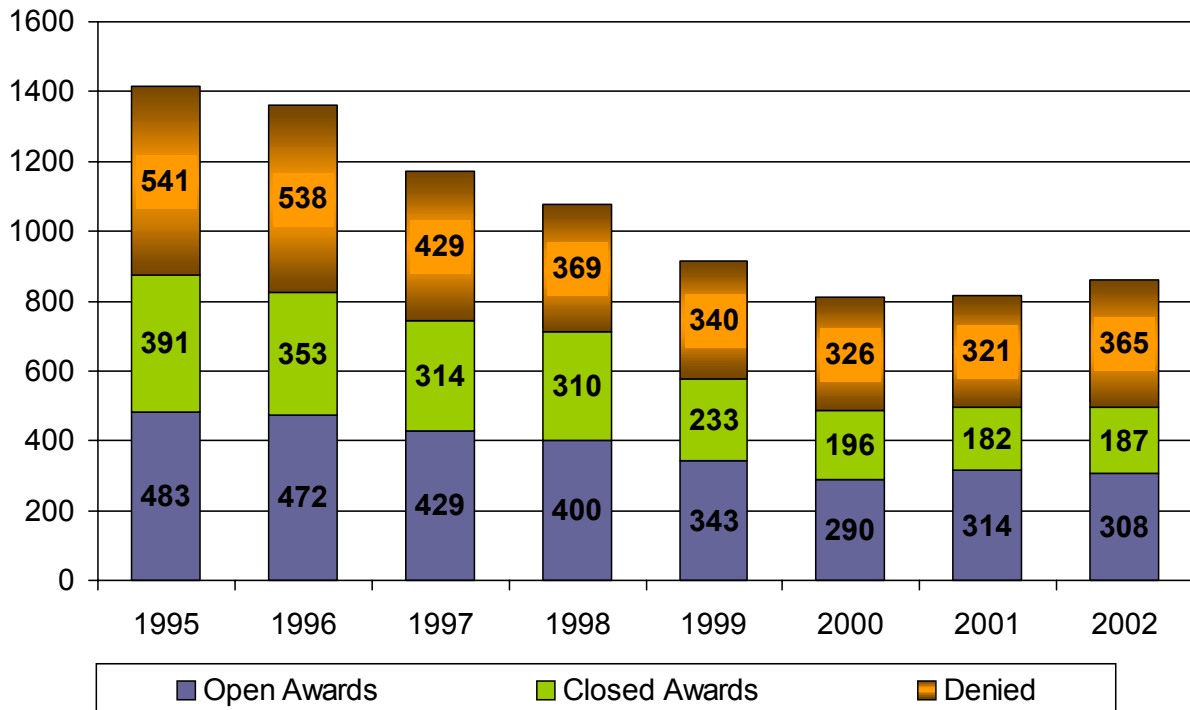
Contested Case Dispositions



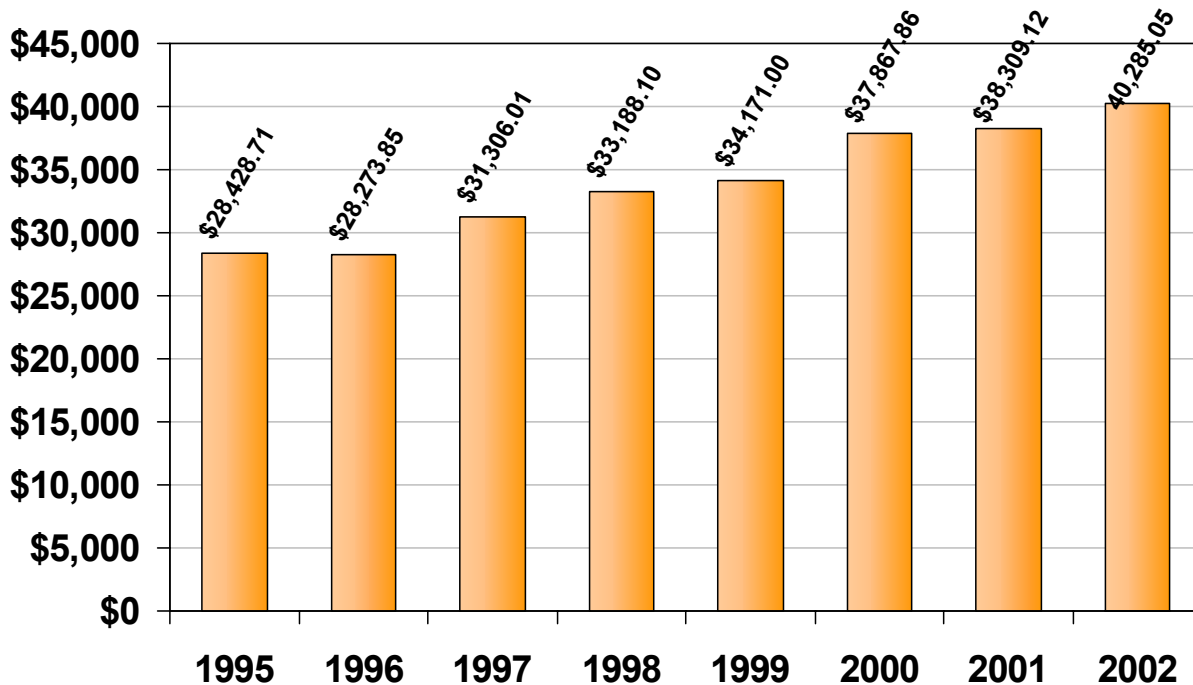
Contested Case Dispositions

	1995	1996	1997	1998	1999	2000	2001	2002
Redemptions	16,146	15,070	14,085	13,696	13,152	12,928	12,332	11,528
Other Dispositions	6,552	6,299	6,093	6,043	5,622	5,462	5,629	5,666
Opinions	1,415	1,363	1,172	1,079	916	812	817	860
Mediator Dispositions	3,971	3,686	3,757	3,958	4,402	3,926	3,255	2,631
Health Care Service Rules Dispositions	6,935	7,405	6,825	7,759	6,156	4,895	7,319	5,861

Workers' Compensation Trends

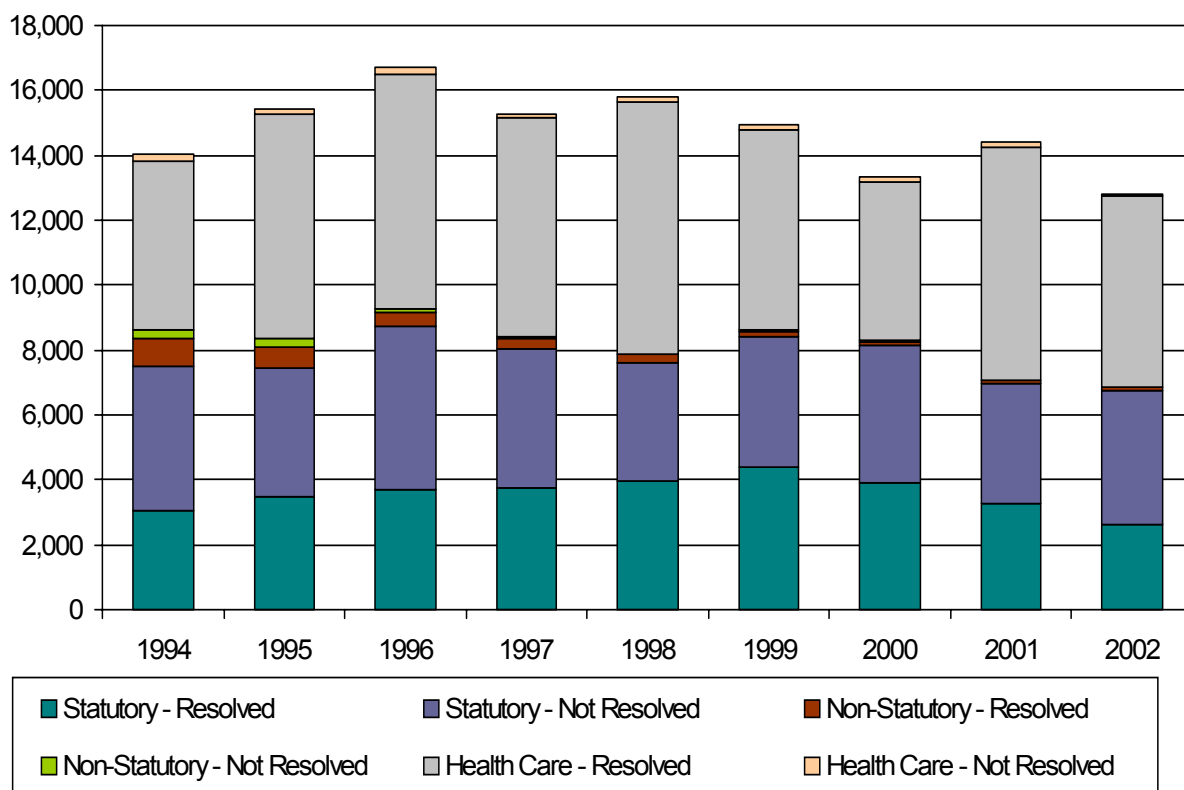


Average Redemption Amounts



Mediation

(Chart does not include VR & Magistrate Referral Hearings)

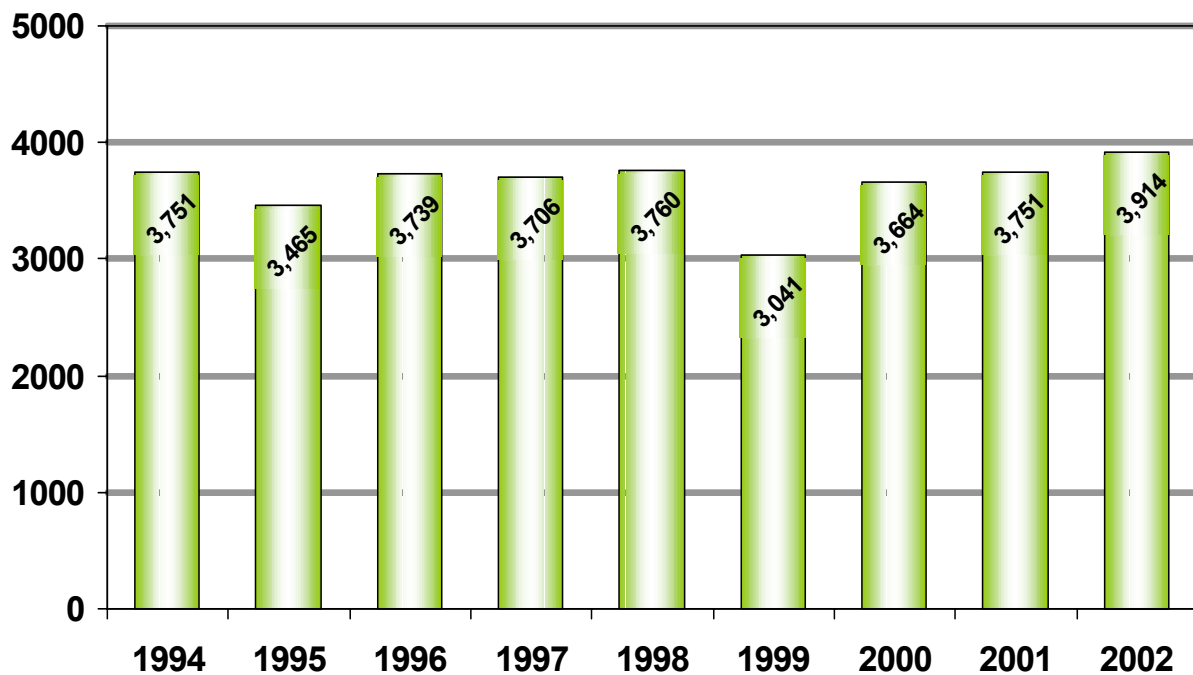


Mediation Chart

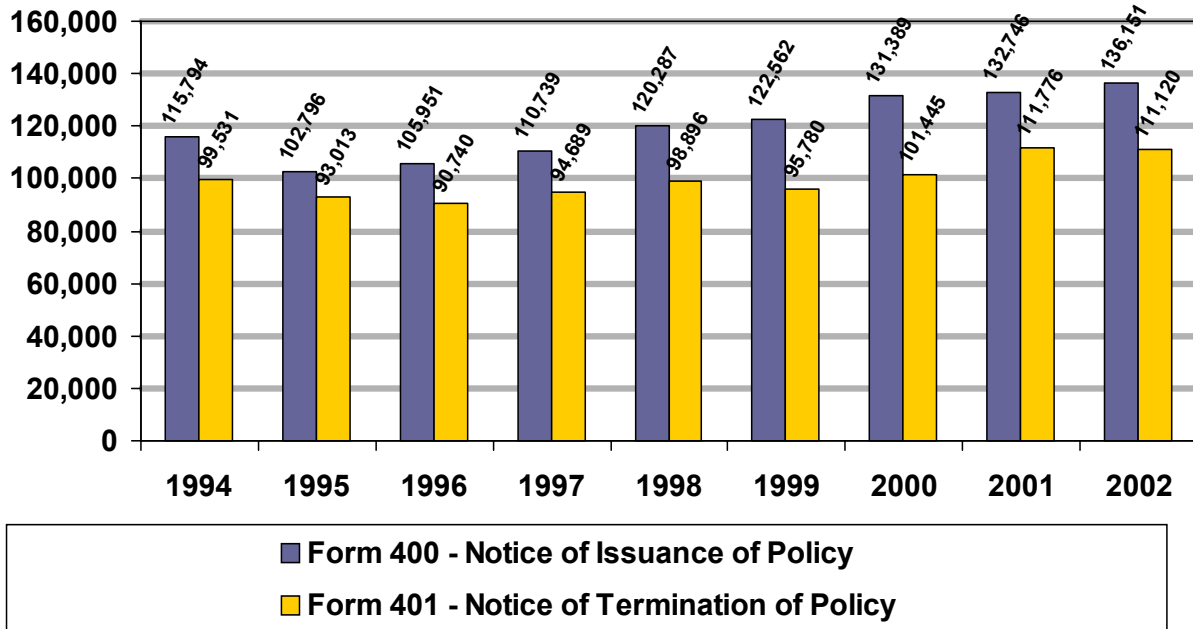
(Figures do not include VR & Magistrate Referral Hearings)

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Statutory – Resolved	3,055	3,495	3,686	3,757	3,958	4,402	3,926	3,255	2,631
Statutory – Not Resolved	4,459	3,941	5,044	4,258	3,667	4,030	4,228	3,689	4,143
Non-Statutory – Resolved	868	680	457	347	227	165	116	115	86
Non-Statutory – Not Resolved	269	215	100	72	36	29	23	23	6
Health Care – Resolved	5,144	6,945	7,236	6,711	7,759	6,156	4,895	7,175	5,861
Health Care – Not Resolved	232	142	169	114	170	156	127	143	101

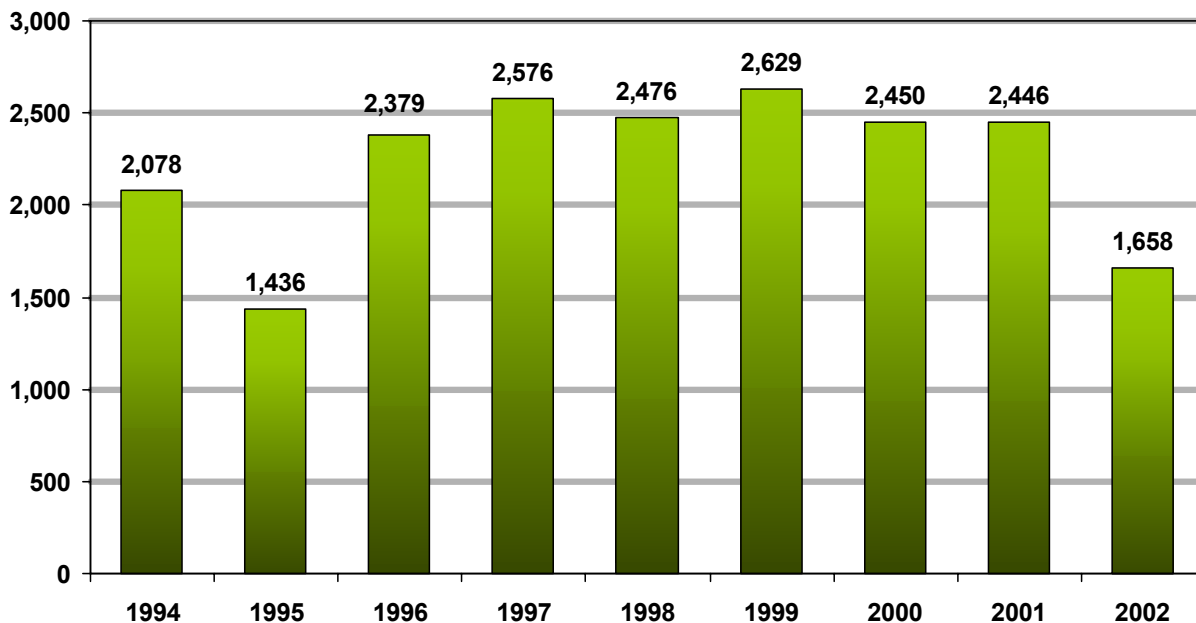
Vocational Rehabilitation Programs Closed by Return to Work



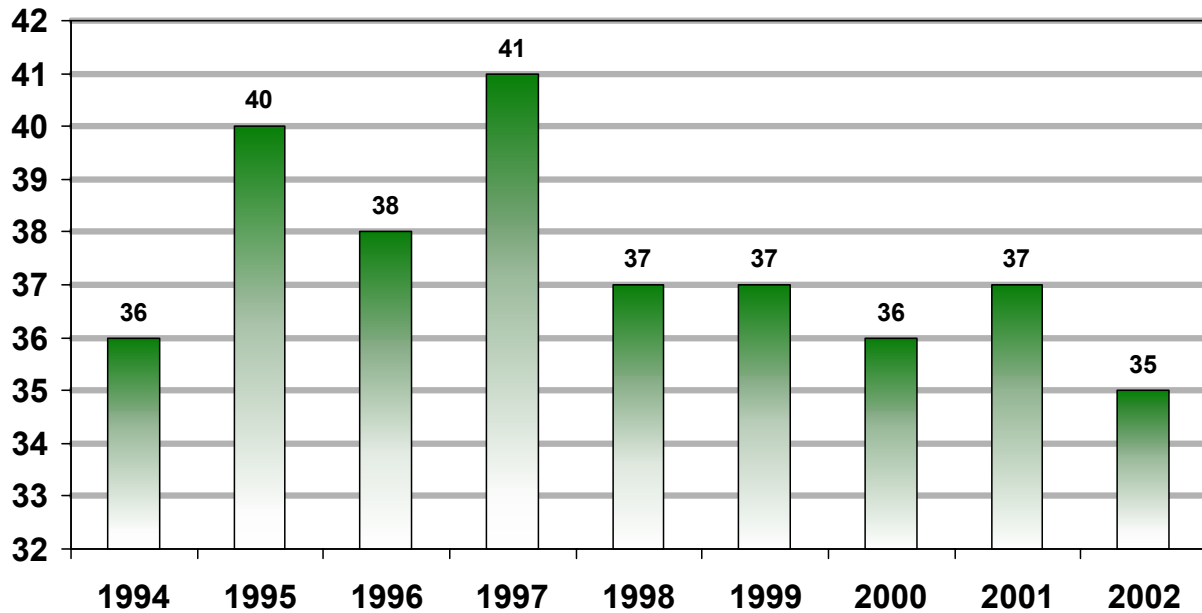
Forms 400 & 401 Received



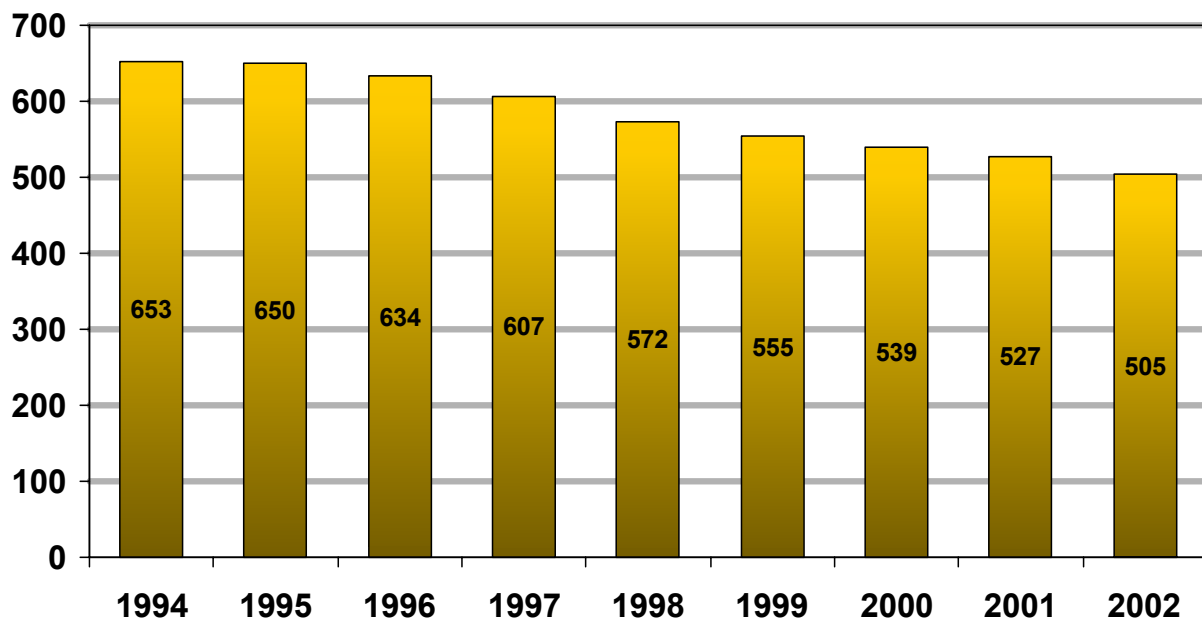
Exclusion Forms Processed



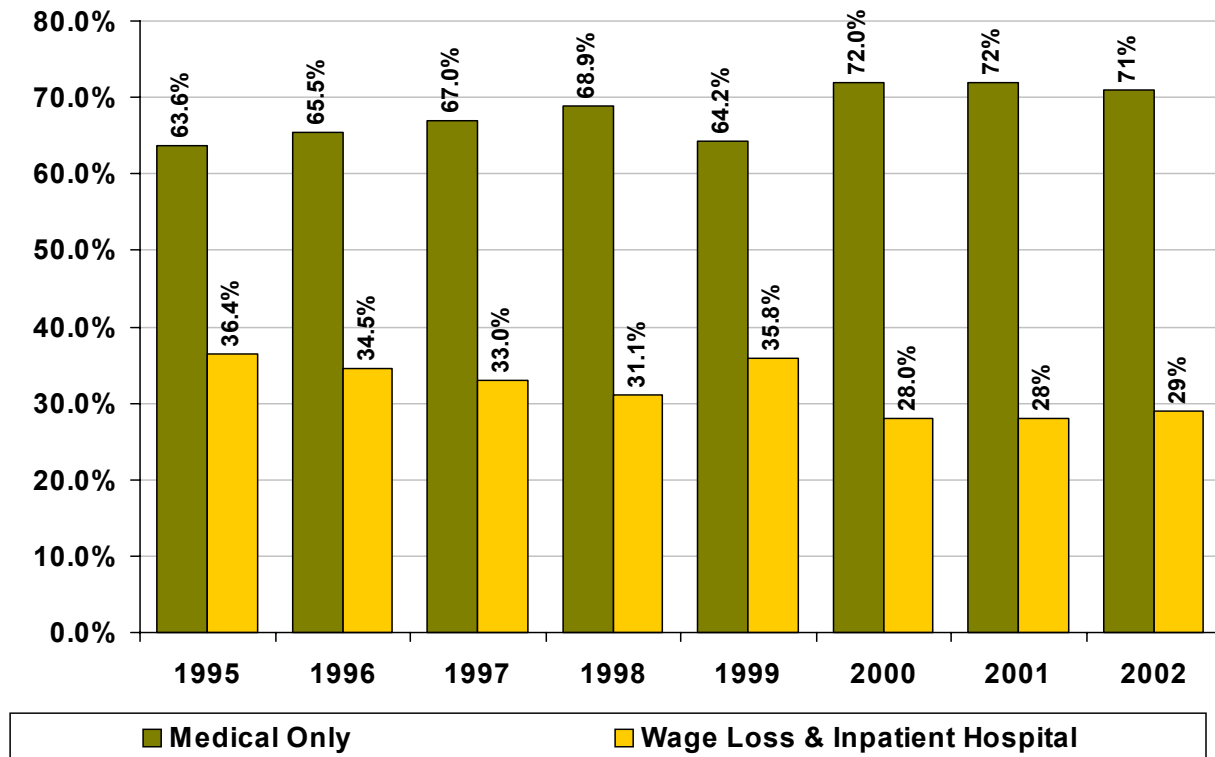
Number of Approved Self-Insured Groups



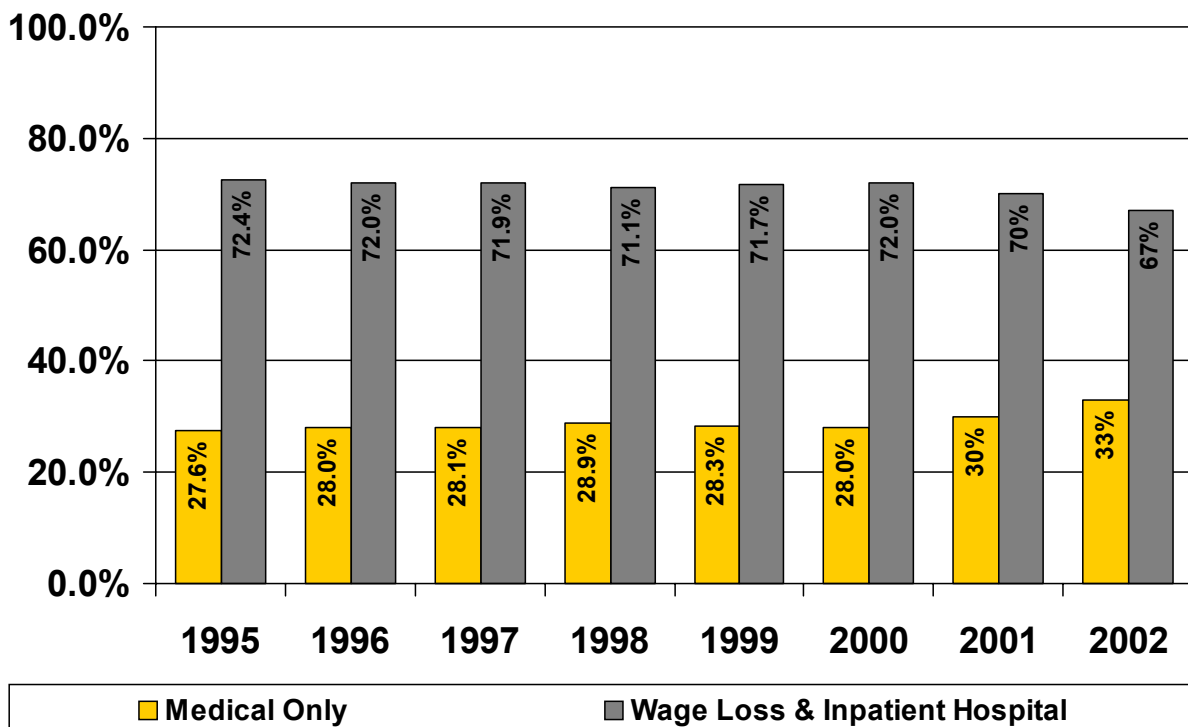
Number of Approved Individual Self-Insured Employers



Health Care Costs Number of Cases



Health Care Costs Amount Paid



BUREAU OF WORKERS' DISABILITY COMPENSATION

ANNUAL HEALTH CARE COSTS 2000-2002

TYPE	JAN-DEC 2000	JAN-DEC 2001*	JAN-DEC 2002	JAN-DEC 2003	JAN-DEC 2004	JAN-DEC 2005
OF CASE						
Medical Only						
Number of Cases	320,268	290,509	262,980			
Amount Paid	\$132,240,234	\$142,459,851	\$172,959,266			
Cost/Case	\$413	\$490	\$658			
Wage Loss						
Number of Cases	122,364	115,129	104,883			
Amount Paid	\$339,527,653	\$338,968,128	\$348,597,832			
Cost/Case	\$2,775	\$2,944	\$3,324			
TOTAL						
Number of Cases	442,632	405,638	367,863			
Amount Paid	\$471,767,887	\$481,427,978.44	521,557,098			
Cost/Case	\$1,066	\$1,187	\$1,418			
% Of Total Cases-Med Only	72%	72%	71%			
% Of Total Cases-Wage Loss	28%	28%	29%			
% Of Total Cost-Med Only	28%	30%	33%			
% Of Total Costs-Wage Loss	72%	70%	67%			

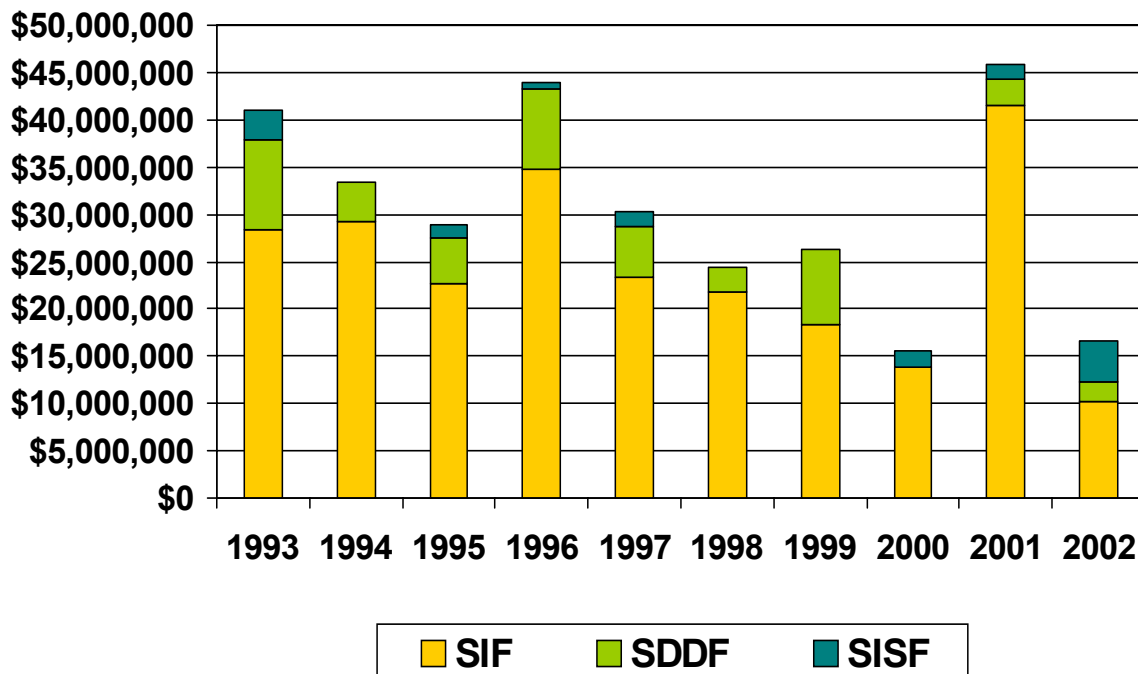
FIGURES REPRESENT PAYMENTS MADE IN ANY GIVEN ANNUAL REPORT PERIOD

(Semiannual Figures prior to 2000 available through Health Care Services Division)

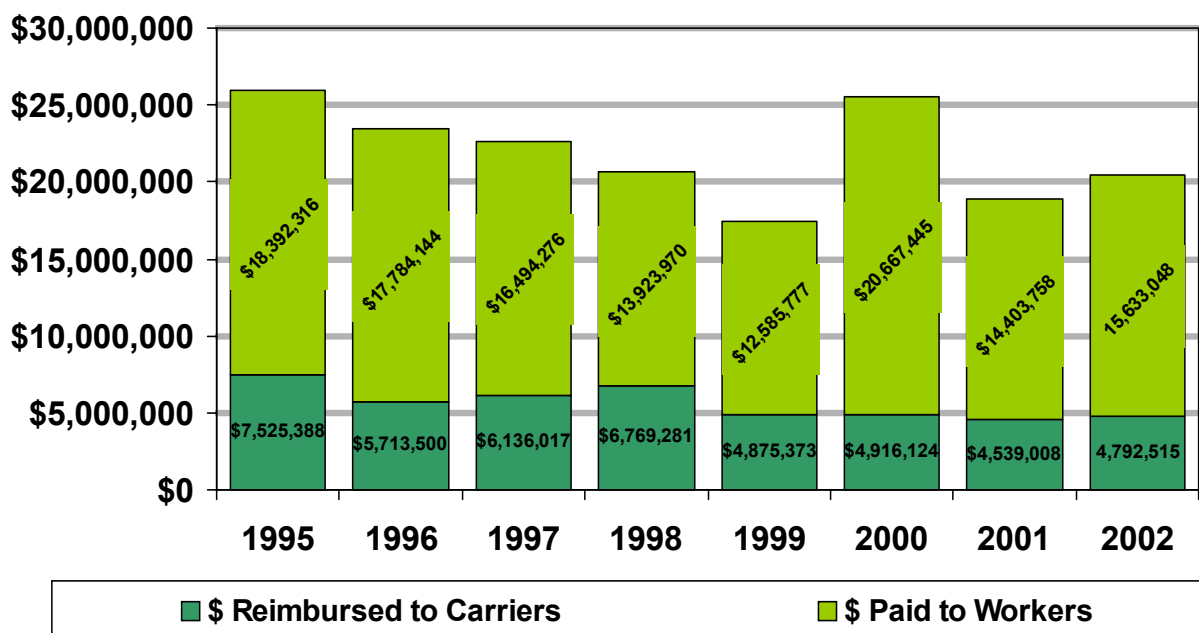
*Does not include Reliance Ins Group figures/Insolvent.

Revised: 3/24/03

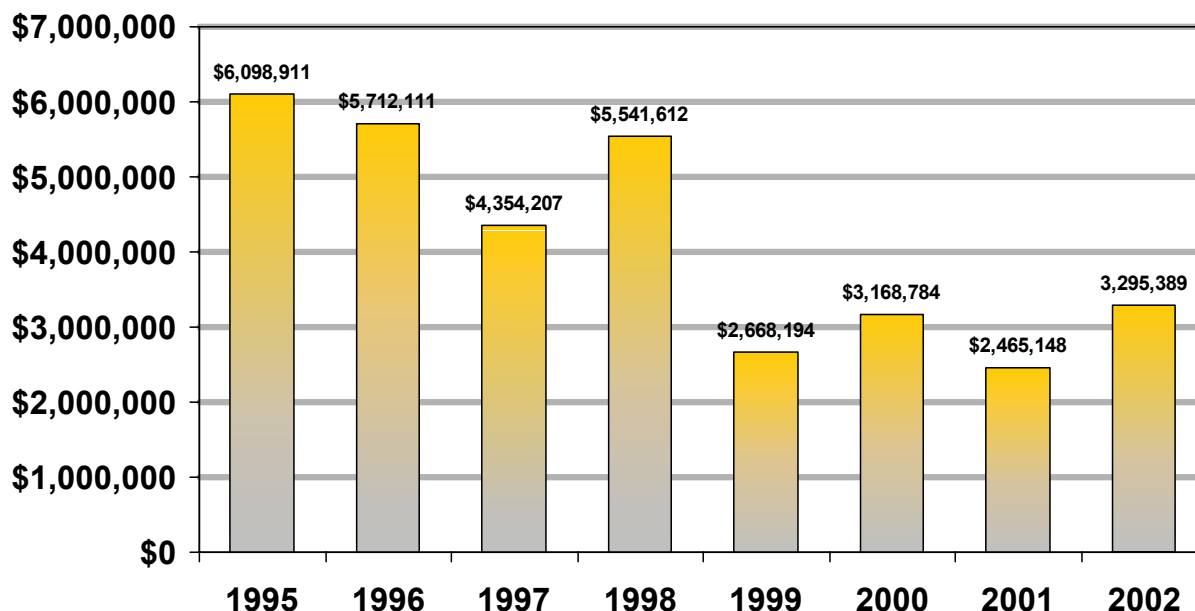
Funds Administration Assessments



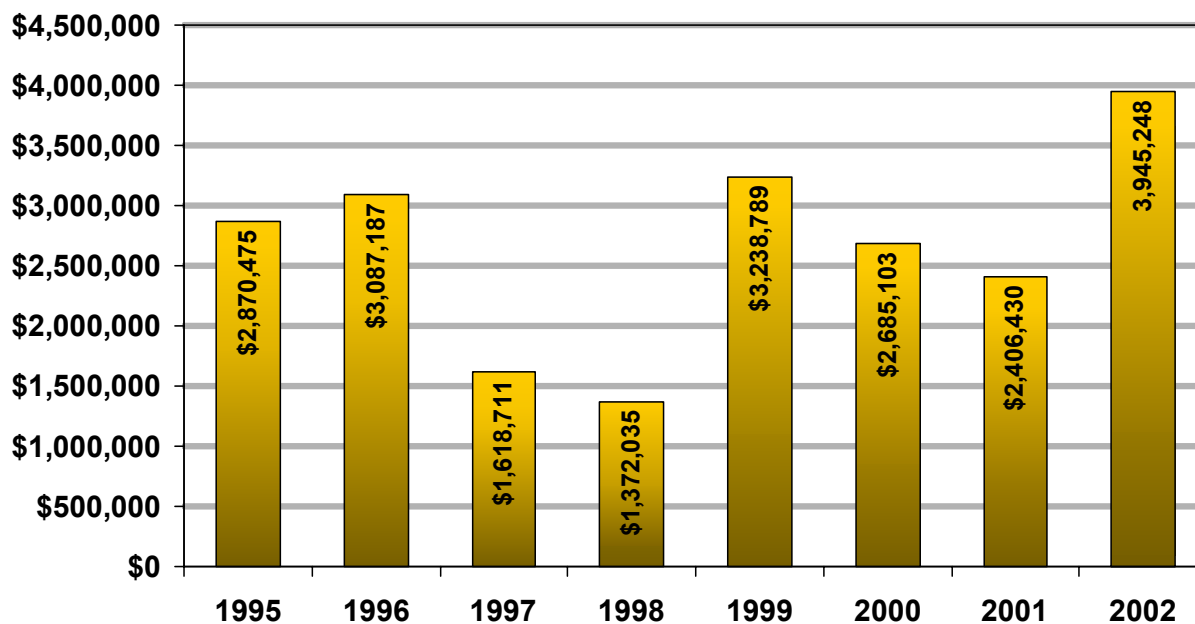
Benefits Paid Out by Second Injury Fund



Benefits Reimbursed to Carriers and Redemptions by the Silicosis, Dust Disease and Logging Industry Compensation Fund

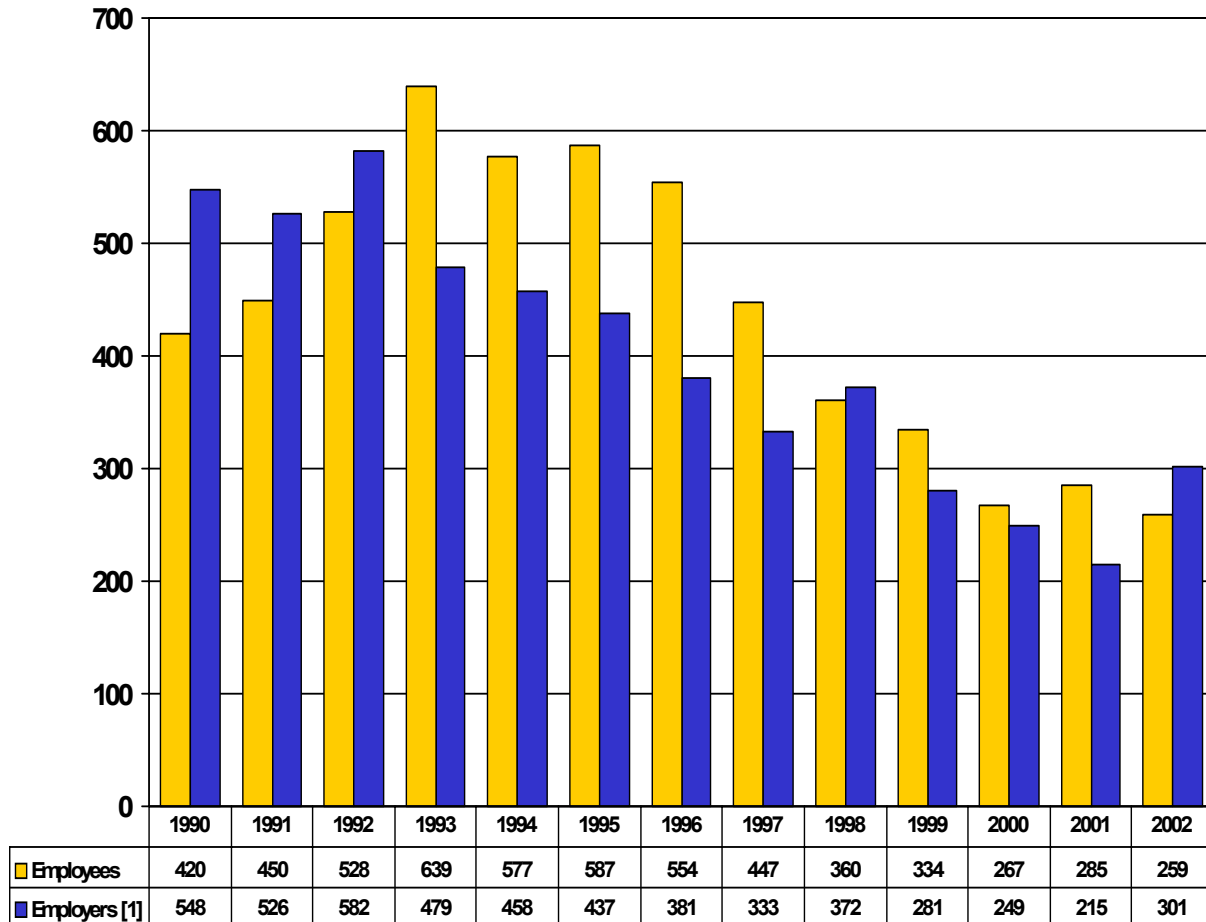


Benefits Paid to Workers by the Self-Insurers' Security Fund



Worker's Compensation Appellate Commission

New Claims Filed by Employees/Employers



New Claims Filed by Employees/Employers

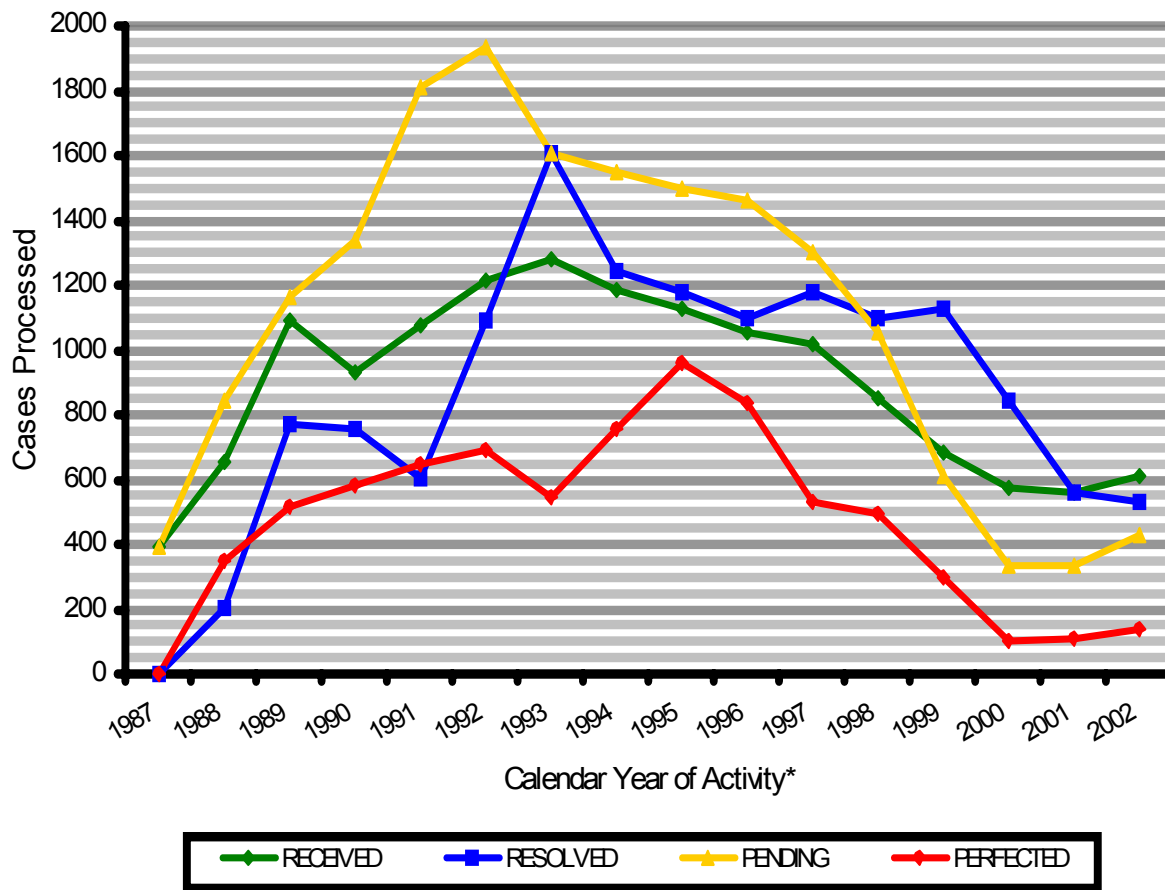
The number of claims filed by employees and employers is represented in this illustration. An overall decline in the number of appeals filed since 1992. Through 2000, the majority of appeals were filed by employees, with a high of 639 in 1993 and a low of 267 in 2000. In contrast, employees' claims were down 25% last year, compared with 2001 data. Employers' claims peaked at 548 in 1990, dipped to 215 during 2001, and show a 28% increase during 2002.

New Claims: Records of activity during 1987 through 1989 do not distinguish employee/employer categories.

[1] Includes claims filed by intervening plaintiffs.

Worker's Compensation Appellate Commission

Claim Activity: 1987 through 2002



Key:	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Received ¹	391	653	1088	931	1077	1215	1283	1188	1124	1057	1018	852	683	573	561	613
Resolved ²	0	202	768	755	607	1092	1607	1243	1175	1095	1179	1097	1130	846	561	530
Pending	391	842	1162	1338	1808	1931	1604	1552	1501	1463	1302	1057	610	337	337	432
Perfected	0	347	515	583	646	689	544	759	962	835	534	494	300	101	112	139

Claims Background

The Appellate Commission inherited 139 Appeal Board cases after its legislative sunset in 1991. While there is a difference in the methods of review (i.e., Board claims required de novo (a new) review; Commission claims require consideration only of those issues that have been reviewed and decided at the lower level), here the cases have been incorporated indistinctively for statistical purposes. Enlightenment on factors fundamental to productivity in past years is provided as:

- 1991: Two seats vacant November 1990 through October 1991.
- 1992: Inherited 139 Appeal Board cases.
- 1993: Incorporated results of case inventory in claims pending.
- 1999: Edited to coincide with outcome of case inventory.

¹"Received" include new, reinstated and reconsidered claims and those cases remanded from the Court of Appeals and Supreme Court.

²"Resolved" include claims disposed of by written opinion, redemption, administrative letter, sua sponte dismissal, motion order, and/or consolidation.

*Data has been redacted to reflect caseload activity not available at previous compilations.

Publications

Publication	Printed Copies Available from Bureau	Information Available on Website
Workers' Disability Compensation Act	X	X
Administrative Rules	X	X
1999 Annual Report	X	X
1998 Annual Report	X	X
1997 Annual Report	X	X
1996 and Prior Year Annual Reports	X	
Overview of Workers' Compensation in Michigan	X	X
A Summary of Your Rights and Responsibilities Under Workers' Disability Compensation (Pamphlet)	X	X
Coverage Questions for Subcontractors, General Contractors, and Independent Contractors		
Vocational Rehabilitation for Injured Workers (Pamphlet)	X	X
Approved Vocational Rehabilitation Facilities	X	X
Health Care Services Rules Order Form	X	X
2002 Weekly Benefit Rate Book	X	
Calculation Program	X	X
Individual Self-Insured Employer List	X	X
Self-Insured Group List	X	X
Service Company List	X	X
Workers' Compensation Appellate Commission Opinions	X	X
Michigan Workers' Compensation Forms	X	Most forms
Funds Administration Overview	X	X
Website address: www.michigan.gov/bwuc		